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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANTS AND
PROPERTY AND FOR INCREASES IN ITS
WATER RATES AND CHARGES FOR
UTILITY SERVICE BASED THEREON.

DOCKET NO: W-03514A-13-0111

DOCKETED

MAY 12 2014

DOCKETED BY

IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN
ARIZONA CORPORATION, FOR
AUTHORITY TO: (1) ISSUE EVIDENCE
OF INDEBTEDNESS IN AN AMOUNT
NOT TO EXCEED \$1,238,000 IN
CONNECTION WITH INFRASTRUCTURE
IMPROVEMENTS TO THE UTILITY
SYSTEM; AND (2) ENCUMBER REAL
PROPERTY AND PLANT AS SECURITY
FOR SUCH INDEBTEDNESS.

DOCKET NO: W-03514A-13-0142

**NOTICE OF FILING ADDITIONAL
ANALYSIS IN RESPONSE TO
DOCKETED LETTERS FROM
COMMISSIONER**

On May 1, 2014, Commissioner Pierce docketed a letter posing three questions for consideration in this docket. In a second letter, docketed May 7, 2014, Commissioner Pierce clarified that his letter was not intended to suspend or delay the proceeding in this case, but rather he was seeking additional information for consideration by the Commission at Open Meeting. The Company provides information in response to each of Commissioner's Pierce's questions below.

In providing this additional analysis, PWC has: (1) relied on the existing record and not sought to expand the evidence before the Commission in this case; (2) used the revenue requirement recommended by Staff and accepted by the Company, which is both the only recommended revenue requirement in evidence in this rate case, and, as the

1 Company has asserted, the minimum amount of revenue it needs to meet its cost of
2 service, stay solvent, and begin to address its financial crises by paying its bills and
3 seeking to attract capital to make more needed improvements; and (3) evaluated the
4 options that were possible given the available data (bill counts, etc.) and its continued
5 inability to pay its rate consultant and counsel.

6 To the extent that PWC was unable to provide exactly what Commissioner Pierce
7 requested, the Company apologizes. However, the Company does believe it is offering
8 alternative rate designs that would allow the Commission to ensure that PWC can recover
9 its cost of service, including a return on fair value rate base, while also addressing the
10 unique situation facing its Gisela system.

11 **First Question:**

12 *What would be the rate impacts to the customers in each of*
13 *the systems if we were to retain the current separate rate structure*
and forego consolidating rates at this time?

14 At present, the only current "separate rate structure" is for the Gisela system, and
15 the only "consolidation" recommended by Staff and the Company is consolidating Gisela
16 with the 7 other systems that are already consolidated.¹ PWC submits Exhibit 1, which
17 reflects separate rates for the Gisela system. The impacts on the rates for the other
18 systems can be seen at Exhibit 1, Schedule H-3, page 1, which reflects higher rates for
19 customers in the other systems if the portion of the revenue requirement recovered from
20 customers in Gisela is decreased. It is important to note that reducing rate impacts for
21 customers in one system does not reduce the revenue requirement.

22
23
24
25 ¹ PWC was formed by the merger of systems from the former Untied Utilities and C&S
26 Water, at which time the Commission directed that the rates for Gisela be maintained
separate from those for the other systems. See Decision No. 60972 (June 19, 1998) at 5,
Findings of Fact No. 9.

1 **Second Question:**

2 *What would be the rate impacts to the customers in each of*
3 *the systems if we were to adopt the proposed rate consolidation, but*
4 *change the break-over points in the commodity charge to include*
5 *more gallons in the first tier?*

6 **Exhibit 2** reflects consolidated rates for all systems, as recommended by the
7 Company and Staff, with the commodity rate first tier gallons for the 5/8 x 3/4 inch meters
8 increased from 3,000 to 5,000 gallons.

9 **Third Question:**

10 *What would be the rate impacts to the customers in each of*
11 *the systems if we were to adopt the proposed rate consolidation, but*
12 *increase the monthly usage charge, thereby decreasing the amounts*
13 *to be collected through the commodity charge?*

14 **Exhibit 3** reflects consolidated rates for all systems with the monthly minimums
15 increased.

16 In addition, as an alternative, PWC submits **Exhibit 4** reflecting an approach to
17 minimize the impact of needed increases on customers in the Gisela system. Under this
18 analysis, rates are consolidated for all systems, however, the monthly minimums have
19 been increased along with the first and second tier gallons for the 5/8 x 3/4 inch meters.
20 The first tier gallons are increased from 3,000 gallons to 6,000 gallons, and the second tier
21 gallons are increased from 10,000 gallons to 12,000 gallons. This approach reduces the
22 rate increase to the Gisela system, the average dipping from approximately 140 percent to
23 102 percent, and the median from approximately 97 percent to 83 percent. Again, of
24 course, this additional revenue will have to be collected from the customers in the other
25 systems who would bear an additional, albeit small, increase in order to lessen the rate
26 impacts in Gisela.

 Finally, the Company also suggests that the Commission consider initiating a pilot
 program to allow the option for equalized payments for its Gisela system, and only its

1 Gisela system. The Company has called this a "pilot-program" because neither it, its
2 experienced rate consultant nor undersigned counsel could find or are aware of a water
3 utility regulated by the Commission with equalized rates. However, electric utilities have
4 such programs modeled after A.A.C. R14-2-210(G), which programs, as the Company
5 understands, allow customers to avoid seasonal spikes in their bills, and maintain a more
6 regular budget for payment. PWC believes that something can be designed to allow the
7 option for equalized payments for customers in Gisela.² PWC would project annual
8 billings for that customer based on test year usage and the new rates approved by the
9 Commission. The total annual billings would then be divided by 12 and the customer
10 billed 1/12 each month. There would also be at least one annual true up to ensure that the
11 customer did not overpay, or the Company did not under collect. In this way, the
12 Commission can further seek to cushion the impact of necessary rate increase on
13 customers in the Gisela system.

14 In closing, PWC appreciates the opportunity to provide this additional information
15 for the Commission's consideration. However, it must also take this additional
16 opportunity to remind the Commission that it ordered this rate case and has now missed
17 the deadline for a decision imposed by its own rules for a Class C water utility. The
18 Company respectfully suggests that it is not in any material way responsible for this delay,
19 and further reiterates its testimony that it is teetering on the brink of insolvency and its
20 ability to continue to provide safe and reliable water utility service is in jeopardy. As
21 such, the Company beseeches the Commission to consider this additional information that
22 has been requested, but to do so immediately and issue new rates that allow PWC to

23 ² APS, for example, offers equalized payments as an option to all of its customers.
24 Because of the unique circumstances in Gisela, PWC is willing to take on the additional
25 administrative costs of a limited pilot program. PWC cannot afford to offer this
26 alternative to PWC customers outside of Gisela. Moreover, because the Company would
be required to come in again for new rates in just three years under the current Staff
recommendation, the Commission would have the opportunity then to address
equalization, Gisela, consolidation, and any other related issues at that time.

1 recover its cost of service, including a return on fair value rate base.

2 RESPECTFULLY SUBMITTED this 12th day of May, 2014.

3 FENNEMORE CRAIG, P.C.

4
5 By

6 Jay L. Shapiro
7 2394 E. Camelback Road
8 Suite 600
Phoenix, Arizona 85016
Attorneys for Payson Water Co., Inc.

9 **ORIGINAL** and thirteen (13) copies
10 of the foregoing were filed
this 12th day of May, 2014, with:

11 Docket Control
12 Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

13 **COPY** of the foregoing was hand-delivered
14 this 12th day of May, 2014, to:

15 Chairman Bob Stump
16 Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

17 Commissioner Gary Pierce
18 Arizona Corporation Commission
1200 W. Washington Street
19 Phoenix, AZ 85007

20 Commissioner Brenda Burns
21 Arizona Corporation Commission
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22 Commissioner Bob Burns
23 Arizona Corporation Commission
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24 Phoenix, AZ 85007

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18 **COPY** of the foregoing was mailed
19 this 12th day of May, 2014, to:
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By: 
9148286.1/073283.0006

EXHIBIT 1

Line No.	Meter Size and System	Proposed Consolidated Creek Shores (Gisela) System Percent		Average Number of Customers	Separate Rates Consolidated Creek Shores (Gisela) System Percent
		Proposed Revenues (%)	Water Proposed Revenues (%)		
1	5/8x3/4 Inch US	74.46%	76.51%	1,066	2.05%
2	5/8x3/4 Inch C&S (Tonto Creek Shores (Gisela))	22.99%	20.83%	159	-2.16%
3	3/4 Inch US	0.66%	0.71%	4	0.05%
4	1 Inch US	0.38%	3.73%	21	3.36%
5	1 Inch C&S (Tonto Creek Shores(Gisela))	0.37%	0.34%	2	-0.03%
6					
7					
8					
9	5/8x3/4 Inch US				
10	5/8x3/4 Inch C&S (Tonto Creek Shores (Gisela))				
11	3/4 Inch US				
12	1 Inch US				
13	1 Inch C&S (Tonto Creek Shores(Gisela))				
14					
15	(1) Includes revenue annualizations but no misc revenues.				
16	(2) Revenue requirement for Gisels based upon a two factor allocation. Factors are number of year-end customers and annualized gallons sold equally weighted.				
17	Number of YE Customers		% of Total		Annualized Gallons (in 1,000's)
18	US	953	33.219		71.0729%
19	C&S (Gisela)	163	14.6057%	13,520	28.9271%
20	Total	1116	100.0000%	46,739	100.0000%
21					
22					
23					
24					
25					

Two-Factor	Revenue Requirement
\$ 78,233.6%	\$ 477,425
\$ 21,765.4%	\$ 132,831
\$ 100.0000%	\$ 610,256

Present Rates	Dollar Increase	Percent Amount
\$ 21.51	\$ 34.42	60.02%
\$ 27.30	\$ 65.35	139.38%
\$ 35.32	\$ 79.25	124.37%
\$ 38.70	\$ 89.66	211.87%
\$ 49.10	\$ 94.17	91.80%

Proposed Rates	Dollar Increase	Percent Amount
\$ 34.42	\$ 12.91	60.02%
\$ 38.05	\$ 33.05	139.38%
\$ 43.93	\$ 43.93	124.37%
\$ 60.91	\$ 60.91	211.87%
\$ 45.07	\$ 45.07	91.80%

Present Rates	Dollar Increase	Percent Amount
\$ 20.83	\$ 33.00	58.46%
\$ 23.66	\$ 46.50	96.52%
\$ 33.60	\$ 74.82	122.72%
\$ 26.11	\$ 79.16	203.24%
\$ 47.68	\$ 86.82	82.10%

Proposed Rates	Dollar Increase	Percent Amount
\$ 35.52	\$ 14.01	65.13%
\$ 59.18	\$ 31.88	116.75%
\$ 80.97	\$ 45.65	129.24%
\$ 92.53	\$ 63.78	221.85%
\$ 86.28	\$ 37.18	75.73%

**Exhibit
Page 2**

Test Year Ended December 31, 2012

Comparison of Proposed Consolidated Rates (All Systems) to Separate Rates For Giesla (See Schedule H-3 for Rates)

[illegible]

**Exhibit
Schedule H-3 for Pierce 1
Page 1**

(Per 1,000 gallons)					
United Systems Present		C&S Systems (Gisela) Present	United Systems Proposed		C&S Systems (Gisela) Proposed
	Rate	Rate		Rate	Rate
\$	1.93				
\$	2.99				
		\$	1.48		
				4.00 \$	3.40
				7.66 \$	7.06
				9.62 \$	9.02
				7.66 \$	7.06
				9.62 \$	9.02
				7.66 \$	7.06
				9.62 \$	9.02
				7.66 \$	7.06
				9.62 \$	9.02

Payson Water Company - Pierce Inquiry
Test Year Ended December 31, 2012
Present and Proposed Rates

Exhibit
Schedule H-3 for Pierce 1
Page 2

Line No.	Commodity Rates (Residential, Commercial, Ind. Block)	(Per 1,000 gallons)			
		United Systems Present Rate	C&S Systems (Gisela) Present Rate	United Systems Proposed Rate	C&S Systems (Gisela) Proposed Rate
1					
2					
3					
4					
5					
6	3 Inch			7.66 \$	7.06
7	0 gallons to 120,000 gallons over 120,000 gallons			9.62 \$	9.02
8					
9	4 Inch			7.66 \$	7.06
10	0 gallons to 200,000 gallons over 200,000 gallons			9.62 \$	9.02
11					
12	6 Inch			7.66 \$	7.06
13	0 gallons to 450,000 gallons over 450,000 gallons			9.62 \$	9.02
14					
15	8 Inch			7.66 \$	7.06
16	0 gallons to 679,000 gallons over 679,000 gallons			9.62 \$	9.02
17					
18					
19					
20					
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EXHIBIT 2

Papcon Water Company - Pierce Inquiry

Test Year Ended December 31, 2012

Comparison of Proposed Consolidated Rates (All Systems) with More Gallons in First Tier for 5/8x3/4 Inch Meter (see Schedule H-3 for rates)

Exhibit
Page 1

Pierce 2

Proposed Consolidated Percent of Water Revenues (1)

Line No.	Meter Size and System	Average Number of Customers at 12/31/2012	Average Consumption (gals)	Present Rates	Staff Sb. Consolidated Proposed Rates	Staff Sb. Consolidated Dollar Increase	Staff Sb. Consolidated Percent Amount	Pierce 2 Proposed Rates	Pierce 2 Consolidated Dollar Increase	Pierce 2 Percent Amount
1	5/8x3/4 Inch US	1,066	2,856	\$ 21.51	\$ 34.42	\$ 12.91	60.02%	\$ 36.14	\$ 35.54	67.99%
2	5/8x3/4 Inch C&S (Tonto Creek Shores (Gisela))	159	6,961	\$ 27.30	\$ 65.35	\$ 38.05	139.38%	\$ 63.16	\$ 61.76	131.32%
3	3/4 Inch US	4	7,077	\$ 35.32	\$ 79.25	\$ 43.93	124.37%	\$ 77.18	\$ 75.93	118.50%
4	1 Inch US	21	3,870	\$ 28.75	\$ 89.66	\$ 60.91	211.87%	\$ 93.87	\$ 91.75	226.49%
5	1 Inch C&S (Tonto Creek Shores(Gisela))	2	4,459	\$ 48.10	\$ 94.17	\$ 45.07	91.80%	\$ 99.01	\$ 98.10	101.66%
6										
7										
8										
9	5/8x3/4 Inch US		2,500	\$ 20.83	\$ 33.00	\$ 12.18	58.46%	\$ 34.50	\$ 33.92	65.67%
10	5/8x3/4 Inch C&S (Tonto Creek Shores (Gisela))		4,500	\$ 23.66	\$ 46.50	\$ 22.84	96.52%	\$ 43.70	\$ 42.73	84.70%
11	3/4 Inch US		6,500	\$ 33.60	\$ 74.82	\$ 41.23	122.72%	\$ 72.13	\$ 70.90	114.69%
12	1 Inch US		2,500	\$ 26.11	\$ 79.16	\$ 53.06	203.24%	\$ 81.88	\$ 79.84	213.64%
13	1 Inch C&S (Tonto Creek Shores(Gisela))		3,500	\$ 47.68	\$ 86.82	\$ 39.14	82.10%	\$ 90.63	\$ 89.80	90.07%
14										

15 (1) Includes revenue annualizations but not misc revenues.

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Test Year Ended December 31, 2012

Exhibit
Page 2

Median

Payson Water Company - Pierce Inquiry
Test Year Ended December 31, 2012
Present and Proposed Rates

Exhibit
Schedule H-3
Page 1

Line No.		United Systems Present Rates	C&S Systems (Giesla) Present Rates	United Systems Proposed Rates	Dollar Increase
1					
2					
3	Monthly Service Charge for:				
4	Meter Size:				
5	5/8 Inch	\$ 16.00	\$ 17.00	\$ 23.00	\$ 7.00
6	3/4 Inch	18.40	25.50	36.00	17.60
7	1 Inch	21.28	42.50	60.00	38.72
8	1 1/2 Inch	32.00	85.00	120.00	88.00
9	2 Inch	56.00	136.00	200.00	144.00
10	3 Inch	80.00	255.00	400.00	320.00
11	4 Inch	128.00	425.00	600.00	472.00
12	6 Inch	NT		1,200.00	
13	8 Inch	NT	NT	2,000.00	
14					
15					
16					
17					
18					
19					
20	Gallons In Minimum				
21					
22					
23					
24					
25	Commodity Rates				
26	All Meter Sizes				
27					
28					
29	All Meter Sizes				
30					
31	5/8 Inch and 3/4 Inch				
32					
33					
34					
35	1 Inch				
36					
37					
38	1 1/2 Inch				
39					
40					
41	2 Inch				
42					
43					

	United Systems Present Rate	C&S Systems (Gisela) Present Rate	United Systems Proposed Rate
Block			
0 gallons to 4,000 gallons	\$ 1.93		
over 4,000 gallons	\$ 2.99		
All gallons		\$ 1.48	
0 gallons to 5,000 gallons			\$ 4.60
5,001 gallons to 10,000 gallons			\$ 8.75
over 10,000 gallons			\$ 10.00
0 gallons to 18,000 gallons			\$ 8.75
over 18,000 gallons			\$ 10.00
0 gallons to 38,000 gallons			\$ 8.75
over 38,000 gallons			\$ 10.00
0 gallons to 60,000 gallons			\$ 8.75
over 60,000 gallons			\$ 10.00

Payson Water Company - Pierce Inquiry
 Test Year Ended December 31, 2012
 Present and Proposed Rates

Exhibit
 Schedule H-3
 Page 2

Line No.	Commodity Rates (Residential, Commercial, Indl. Block)	(Per 1,000 gallons)	
		United Systems Present Rate	United Systems Proposed Rate
1			
2			
3			
4			
5			
6	3 Inch		8.75
7	0 gallons to 120,000 gallons over 120,000 gallons		10.00
8			
9	4 Inch		8.75
10	0 gallons to 200,000 gallons over 200,000 gallons		10.00
11			
12	6 Inch		8.75
13	0 gallons to 450,000 gallons over 450,000 gallons		10.00
14			
15	8 Inch		8.75
16	0 gallons to 679,000 gallons over 679,000 gallons		10.00
17			
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EXHIBIT 3

**Exhibit
Page 1**

Page 1

Comparison of Consolidated Rates (All Systems) with Higher Monthly Minimums (see Schedule H-3 for rates)

Proposed Consolidated Percent of Water Revenues (1)				Average Consumption (gals)	Present Rates	Staff Sbs. Consolidated			Pierce 3		
Line No.	Meter Size and System	Average Number of Customers at 12/31/2012	Proposed			Proposed Rates	Dollar Increase	Percent Amount	Proposed Rates	Dollar Increase	Percent Amount
1	5/8x3/4 Inch US	1,066	74.46%	2,856	\$ 21.51	\$ 34.42	\$ 12.91	66.02%	\$ 34.77	\$ 34.77	61.52%
2	5/8x3/4 Inch C&S (Tonto Creek Shores (Gisela))	159	22.99%	6,961	\$ 27.30	\$ 65.35	\$ 38.05	139.38%	\$ 63.32	\$ 61.92	131.92%
3	3/4 Inch US	4	0.66%	7,077	\$ 35.32	\$ 79.25	\$ 43.93	124.37%	\$ 78.27	\$ 77.03	121.61%
4	1 Inch US	21	0.38%	3,870	\$ 28.75	\$ 89.66	\$ 60.91	211.87%	\$ 92.64	\$ 90.52	222.21%
5	1 Inch C&S (Tonto Creek Shores(Gisela))	2	0.37%	4,459	\$ 49.10	\$ 94.17	\$ 45.07	91.80%	\$ 96.80	\$ 95.89	97.16%
6											
7											
8	5/8x3/4 Inch US			Median Consumption (gals)							
9	5/8x3/4 Inch C&S (Tonto Creek Shores (Gisela))			2,500	\$ 20.83	\$ 33.00	\$ 12.18	58.46%	\$ 33.55	\$ 32.97	61.10%
10	5/8x3/4 Inch C&S (Tonto Creek Shores (Gisela))			4,500	\$ 23.66	\$ 46.50	\$ 22.84	96.52%	\$ 45.89	\$ 44.92	93.94%
11	3/4 Inch US			6,500	\$ 33.60	\$ 74.82	\$ 41.23	122.72%	\$ 74.18	\$ 72.96	120.82%
12	1 Inch US			2,500	\$ 26.11	\$ 79.16	\$ 53.06	203.24%	\$ 82.93	\$ 80.90	217.67%
13	1 Inch C&S (Tonto Creek Shores(Gisela))			3,500	\$ 47.68	\$ 96.82	\$ 39.14	82.10%	\$ 90.01	\$ 89.19	88.78%

15 (1) Includes revenue annualizations but not misc revenues.

Exhibit
Page 2

Page 2

1

[illegible]

**Exhibit
Schedule H-3 for Pierce 3
Page 2**

Line	No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37
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EXHIBIT 4

Peyton Water Company - Pierce Inquiry

Exhibit Pierce 4
Page 1

Test Year Ended December 31, 2012
Comparison of Consolidated Rates (All Systems) with Higher Monthly Minimums and More Gallons in First and Second Block for 5/8x3/4 Inch Meter (See Rates on Schedule H-3)

Line No.	Meter Size and System	Proposed Consolidated Percent of Water Revenues (1)	Average Number of Customers at 12/31/2012	Average Consumption (gals)	Present Rates			Staff Sb. Proposed Consolidated Rates			Pierce 4 Consolidated Proposed Rates		
					Rates			Increase			Increase		
1	5/8x3/4 Inch US	74.46%	1,066	2,856	\$ 21.51	\$ 21.51	\$ 21.51	\$ 34.42	\$ 12.91	60.02%	\$ 38.03	\$ 16.52	76.79%
2	5/8x3/4 Inch C&S (Tonto Creek Shores (Gisela))	22.99%	159	6,961	\$ 27.30	\$ 27.30	\$ 27.30	\$ 65.35	\$ 38.05	139.38%	\$ 54.89	\$ 27.59	101.06%
3	3/4 Inch US	0.66%	4	7,077	\$ 35.32	\$ 35.32	\$ 35.32	\$ 79.25	\$ 43.93	124.37%	\$ 71.95	\$ 36.63	103.70%
4	1 Inch US	0.38%	21	3,870	\$ 28.75	\$ 28.75	\$ 28.75	\$ 89.66	\$ 60.91	211.87%	\$ 101.76	\$ 73.01	253.95%
5	1 Inch C&S (Tonto Creek Shores(Gisela))	0.37%	2	4,459	\$ 49.10	\$ 49.10	\$ 49.10	\$ 94.17	\$ 45.07	91.80%	\$ 105.83	\$ 56.73	115.54%
6													
7													
8													
9	5/8x3/4 Inch US			2,500	\$ 20.83	\$ 20.83	\$ 20.83	\$ 33.00	\$ 12.18	58.46%	\$ 36.88	\$ 16.05	77.07%
10	5/8x3/4 Inch C&S (Tonto Creek Shores (Gisela))			4,500	\$ 23.66	\$ 23.66	\$ 23.66	\$ 46.50	\$ 22.84	96.52%	\$ 43.38	\$ 19.72	83.33%
11	3/4 Inch US			6,500	\$ 33.60	\$ 33.60	\$ 33.60	\$ 74.82	\$ 41.23	122.72%	\$ 67.96	\$ 34.36	102.28%
12	1 Inch US			2,500	\$ 26.11	\$ 26.11	\$ 26.11	\$ 79.16	\$ 53.06	203.24%	\$ 92.29	\$ 66.18	253.51%
13	1 Inch C&S (Tonto Creek Shores(Gisela))			3,500	\$ 47.68	\$ 47.68	\$ 47.68	\$ 86.82	\$ 39.14	82.10%	\$ 99.20	\$ 51.52	108.05%
14													
15	(1) Includes revenue annualizations but not misc revenues.												
16													
17													
18													
19													
20													
21													
22													
23													
24													
25													

Median Consumption (gals)

Exhibit
Page 2
Pierce 4

Comparison of Consolidated Rates (All Systems) with Higher Monthly Minimums and More Gallons in First and Second Back for 5/8x3/4 Inch Meter (See Rates on Schedule H-3)

[illegible]

Line No.		United Systems Present Rates	C&S Systems (Gisela) Present Rates	United Systems Proposed Rates	Dollar Increase
2	Monthly Service Charge for:				
4	Meter Size:				
5	5/8 Inch	\$	16.00 \$	17.00 \$	12.75
6	3/4 Inch		18.40 \$	25.50	26.60
7	1 Inch		21.28 \$	42.50	53.72
8	1 1/2 Inch		32.00 \$	85.00	118.00
9	2 Inch		56.00 \$	136.00	194.00
10	3 Inch		80.00 \$	255.00	420.00
11	4 Inch		128.00 \$	425.00	622.00
12	6 Inch	NT		1,500.00	
13	8 Inch	NT		2,500.00	
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25	Commodity Rates				
26	All Meter Sizes				
27					
28					
29	All Meter Sizes				
30					
31	5/8 Inch and 3/4 Inch				
32					
33					
34					
35	1 Inch				
36					
37					
38	1 1/2 Inch				
39					
40					
41	2 Inch				
42					
43					

Gallons In Minimum

	United Systems Present Rate	C&S Systems (Gisela) Present Rate	United Systems Proposed Rate
Block			
0 gallons to 4,000 gallons over 4,000 gallons	\$ 1.93		
	\$ 2.99		
All gallons		\$ 1.48	
0 gallons to 6,000 gallons			\$ 3.25
6,001 gallons to 12,000 gallons over 12,000 gallons			\$ 6.91
			\$ 8.87
0 gallons to 18,000 gallons over 18,000 gallons			\$ 6.91
			\$ 8.87
0 gallons to 38,000 gallons over 38,000 gallons			\$ 6.91
			\$ 8.87
0 gallons to 60,000 gallons over 60,000 gallons			\$ 6.91
			\$ 8.87

Payson Water Company - Pierce Inquiry
 Test Year Ended December 31, 2012
 Present and Proposed Rates

Exhibit
 Schedule H-3 for Pierce 4
 Page 2

Line No.	Commodity Rates (Residential, Commercial, Indl. Block)	United Systems Present Rate	C&S Systems (Gisela) Present Rate	United Systems Proposed Rate
1				
2				
3				
4				
5				
6				
7				
8				
9	3 Inch			
10	0 gallons to 120,000 gallons			
11	over 120,000 gallons			
12				
13	4 Inch			
14	0 gallons to 200,000 gallons			
15	over 200,000 gallons			
16				
17	6 Inch			
18	0 gallons to 450,000 gallons			
19	over 450,000 gallons			
20				
21	8 Inch			
22	0 gallons to 679,000 gallons			
23	over 679,000 gallons			
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				